

Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-09 EUR-12 NEA-10 AID-05

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 DODE-00 PM-04 H-02 L-03 PA-02

PRS-01 FTC-01 SEC-01 SAM-01 JUSE-00 IGA-02 MC-02

ACDA-10 IO-11 NSCE-00 SSO-00 USIE-00 INRE-00 /153 R

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TO AMEMBASSY ANKARA IMMEDIATE

AMEMBASSY ATHENS

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AMEMBASSY MADRID

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

INFO AMEMBASSY BOGOTA IMMEDIATE

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AMEMBASSY CANBERRA

AMEMBASSY CARACAS

USMISSION EC BRUSSELS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA
AMEMBASSY LA PAZ
AMEMBASSY MEXICO
USMISSION OECD PARIA
AMEMBASSY OTTAWA
USMISSION USUN NY
AMEMBASSY TEHRAN

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E.O. 11652: DS MARCH 6
TAGS: EINV, PFOR

SUBJECT: DEPUTY SECRETARY TO ANNOUNCE USG PROPOSAL ON
CORRUPT PRACTICES

LIMA: PASS RICHARD J. SMITH

1. DEPUTY SECRETARY INGERSOLL WILL PRESENT FOLLOWING
STATEMENT BEFORE PROXMIRE SUBCOMMITTEE ON PRIORITIES AND
ECONOMIES IN GOVERNMENT OF JOINT ECONOMIC COMMITTEE ON
FRIDAY, MARCH 5 AT 3:00 PM.

2. BEGIN TEXT. I AM PLEASED TO BE HERE TODAY TO DISCUSS
A SERIOUS PROBLEM WHICH BEARS DIRECTLY ON U.S. FOREIGN
RELATIONS AND ECONOMIC INTERESTS: THE REVELATIONS ABOUT
ALLEGED CORRUPT PRACTICES INVOLVING U.S. MULTINATIONALS
ABROAD.

3. FIRST, LET ME AGAIN STATE EMPHATICALLY THAT THE
DEPARTMENT OF STATE CONDEMNS IN THE STRONGEST TERMS ANY
AND ALL CORRUPT PRACTICES INVOLVING CORPORATIONS, WHETHER
U.S. OR FOREIGN. WE HAVE STATED THIS POSITION IN SEVERAL
FORUMS RECENTLY, BUT I WANT TO REITERATE IT HERE AS
THE BASIS FOR ALL THE COMMENTS I MAKE TO YOU TODAY. THE
DEPARTMENT'S VIEW -- AND MY OWN PERSONAL VIEW AS ONE WITH
EXPERIENCE IN BUSINESS AND GOVERNMENT -- IS THAT BRIBES
OR OTHER ILLICIT PAYMENTS CANNOT BE CONDONED.
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-- THEY ARE ETHICALLY WRONG;
-- THEIR DISCLOSURE CAN UNFAIRLY TARNISH THE REPUTATIONS

OF RESPONSIBLE AMERICAN BUSINESSMEN;
-- THEY MAKE IT MORE DIFFICULT FOR THE UNITED STATES
GOVERNMENT TO ASSIST U.S. FIRMS IN THE LAWFUL PURSUIT OF
THEIR LEGITIMATE BUSINESS INTERESTS ABROAD;
-- THEY ENCUMBER OUR RELATIONS WITH FRIENDLY FOREIGN
GOVERNMENTS;
-- THEY ARE, IN THE LONG RUN, BAD BUSINESS, AS FIRMS
INVOLVED IN SUCH PRACTICES RISK LOSS OF CONTRACTS, SALES
AND EVEN PROPERTY;
-- THEY CONTRIBUTE TO A DETERIORATION OF THE GENERAL

INVESTMENT CLIMATE.

4. THE U.S. GOVERNMENT HAS TAKEN THE POSITION THAT ANY INVESTOR WHO MAKES ILLEGAL PAYMENTS CANNOT LOOK TO THE U.S. TO PROTECT HIM FROM LEGITIMATE LAW ENFORCEMENT ACTIONS BY THE RESPONSIBLE AUTHORITIES OF EITHER THE HOST COUNTRY OR OF THE UNITED STATES. WE SUPPORT COOPERATION BY THE UNITED STATES AGENCIES INVESTIGATING THESE CASES WITH RESPONSIBLE FOREIGN AUTHORITIES SEEKING INFORMATION CONSISTENT WITH THE REQUIREMENTS OF THE LAWS AND PROCEDURAL FAIRNESS.

5. HOWEVER, THE UNITED STATES GOVERNMENT WILL PROVIDE APPROPRIATE DIPLOMATIC PROTECTION TO AMERICAN NATIONALS ABROAD WHO ARE NOT TREATED FAIRLY IN ACCORDANCE WITH INTERNATIONAL LAW. WE ARE CONCERNED AT THREATS OF EXTRA-JUDICIAL SANCTIONS WHICH MAY BE DISPROPORTIONATE TO THE OFFENSE AND BASED ON UNPROVED ALLEGATIONS. WE DO NOT BELIEVE THAT ECONOMIC RETALIATION IS AN APPROPRIATE RESPONSE TO PAYMENTS WHICH, ALTHOUGH CONTROVERSIAL, ARE EITHER LAWFUL UNDER THE FOREIGN LAW CONCERNED, OR IF UNLAWFUL, ARE SUBJECT TO SPECIFIC CIVIL OR CRIMINAL PENALTIES PRESCRIBED BY THAT LAW. OF COURSE, WE ALSO OPPOSE SUCH RETALIATION FOR FAILURE TO MAKE SUCH PAYMENTS, AS ALLEGED IN SOME RECENT CASES. THE DEPARTMENT OF STATE HAS A RESPONSIBILITY TO ASSIST AMERICAN BUSINESSMEN WHO ARE TREATED UNFAIRLY.

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6. IN INTERNATIONAL DISCUSSIONS OF ENTERPRISE BEHAVIOR, THE U.S. HAS SUPPORTED TWO BASIC PRINCIPLES:

-- FIRST, ALL SOVEREIGN STATES HAVE THE RIGHT TO SUPERVISE AND REGULATE THE ACTIVITY OF FOREIGN INVESTORS IN THEIR TERRITORY, CONSISTENT WITH THE MINIMUM STANDARDS OF JUSTICE CALLED FOR BY INTERNATIONAL LAW; AND
-- SECOND, INVESTORS MUST RESPECT THE LAWS OF THE NATIONS IN WHICH THEY OPERATE AND CONDUCT THEMSELVES AS GOOD CORPORATE CITIZENS OF THESE NATIONS, REFRAINING

FROM IMPROPER INTERFERENCE IN THEIR INTERNAL AFFAIRS.

7. UNFORTUNATELY, HOWEVER, IN THESE MATTERS FOREIGN INVESTORS AND TRADERS ARE NOT ALWAYS FACED WITH CLEAR-CUT CHOICES IN UNAMBIGUOUS CIRCUMSTANCES. INSTEAD THEY FREQUENTLY FIND THEMSELVES OPERATING UNDER UNCLEAR RULES, AND LOCAL CUSTOMS AND BUSINESS METHODS FAR REMOVED FROM THOSE LEARNED IN BUSINESS SCHOOL. A FOREIGN INVESTOR WHO RECEIVES QUOTE SUGGESTIONS UNQUOTE FROM OFFICIALS OF THE HOST GOVERNMENT IS PLACED IN A DIFFICULT POSITION. MANY COURAGEOUS BUSINESSMEN HAVE REFUSED TO GO

ALONG WITH QUESTIONABLE PRACTICES ABROAD, AND IN SOME CASES HAVE HAD TO FOREGO BUSINESS OPPORTUNITIES AS A RESULT.

8. WE ARE TOLD THAT BUSINESSMEN FROM OTHER COUNTRIES TAKE THE VIEW THAT WHAT WE CALL QUOTE IMPROPER UNQUOTE PAYMENTS ARE A BASIC REQUIREMENT OF THE SOCIETIES IN WHICH THEY OPERATE, AND REPRESENT CENTURIES-OLD PRACTICES WHICH NO AMOUNT OF INDIGNATION OR LEGISLATION CAN CHANGE. THESE BUSINESSMEN ARE RELUCTANT TO SUPPORT EITHER DOMESTIC OR INTERNATIONAL LEGAL ACTION FOR FEAR THAT SUCH MEASURES WOULD NOT ONLY DO NO GOOD, BUT WOULD ALSO BURDEN COMMERCE AND PROVIDE A DANGEROUS INSTRUMENT FOR SELECTIVE APPLICATION AGAINST INDIVIDUAL CORPORATIONS. SOME AMERICAN BUSINESSMEN MAY SHARE THIS POINT OF VIEW, BUT INCREASING NUMBERS ARE CONCLUDING THAT SOME ACTION IS NECESSARY TO DEAL WITH THE SITUATION.

9. WHAT SHOULD BE DONE? OBVIOUSLY, THE PRINCIPAL UNCLASSIFIED

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RESPONSIBILITY FOR DEALING WITH CRIMINAL ACTS IN FOREIGN COUNTRIES IS THAT OF THE GOVERNMENTS DIRECTLY CONCERNED. BUT WE TOO HAVE A RESPONSIBILITY TO MAKE SURE THAT US LAWS REGULATING CORPORATE BEHAVIOR ARE VIGOROUSLY ENFORCED, AND THAT OFFICIAL U.S. PROGRAMS IN FOREIGN COUNTRIES ARE EFFECTIVELY MANAGED TO GUARD AGAINST THESE PRACTICES. THE RESPONSIBLE U.S. AGENCIES ARE ALREADY TAKING SIGNIFICANT STEPS. THE SEC AND THE IRS ARE GIVING THE PROBLEM VIGOROUS ATTENTION, AND THEIR EFFORTS CAN BE EXPECTED TO HAVE A SUBSTANTIAL DETERRENT EFFECT.

10. THE DEPARTMENTS OF STATE AND DEFENSE HAVE TAKEN STEPS TO ENSURE THAT FOREIGN GOVERNMENTS WHO PURCHASE DEFENSE ARTICLES AND SERVICES UNDER THE FOREIGN MILITARY SALES PROGRAM ARE FULLY INFORMED OF ANY AGENTS' FEES THAT ARE INCLUDED IN THE PRICE OF THE GOODS SOLD. UNDER

THE APPLICABLE REGULATIONS, THE FOREIGN GOVERNMENT IS NOTIFIED OF ANY SUCH FEE AT THE TIME OF THE DOD OFFER TO SELL. IF THE FOREIGN GOVERNMENT RESPONDS THAT THE FEE IS UNACCEPTABLE, THE AMERICAN SUPPLIER IS ADVISED THAT DOD WILL NOT CONSIDER THE FEE AN ALLOWABLE COST UNDER THE CONTRACT.

11. IN SEVERAL CASES FOREIGN GOVERNMENTS HAVE ESTABLISHED A GENERAL POLICY THAT CONTINGENT FEES ARE NOT TO BE ALLOWED ON FMS CASES. THE USG HAS RESPONDED TO THAT POLICY BY ADOPTING A REGULATION WITH RESPECT TO SUCH COUNTRIES THAT NO CONTINGENT FEE WILL BE ALLOWED AS AN ITEM FOR REIMBURSEMENT UNLESS IT IS SPECIFICALLY APPROVED

IN ADVANCE BY THE PURCHASING GOVERNMENT. WE BELIEVE THAT OUR PROCEDURES ON FMS TRANSACTIONS CAN BE FURTHER IMPROVED AND SUPPORT THE CONCEPT OF SYSTEMATIC REPORTING ALONG THE GENERAL LINES OF THE PENDING AMENDMENTS TO THE SECURITY ASSISTANCE BILL. OF COURSE, IT IS IMPORTANT THAT ANY SUCH LEGISLATION RESPECT THE LEGITIMATE NEED FOR CONFIDENTIALITY OF BUSINESS INFORMATION, THE PUBLIC DISCLOSURE OF WHICH COULD HARM THE COMPETITIVE POSITION OF AMERICAN COMPANIES.

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12. BUT, THIS IS AN INTERNATIONAL PROBLEM AND SIGNIFICANT PROGRESS WILL COME ONLY ON A BROAD SCALE. IT IS TEMPTING TO TRY TO DEAL WITH THE SITUATION UNILATERALLY, BUT THERE ARE SERIOUS RISKS FOR THE US IN SUCH AN APPROACH. THERE IS WIDESPREAD RECOGNITION IN THE CONGRESS THAT SUCH UNILATERAL ACTION WOULD PUT U.S. COMPANIES AT A SERIOUS DISADVANTAGE IN THE EXPORT TRADE. SENATE RESOLUTION 265, ADOPTED BY A VOTE OF 93-0 LAST NOVEMBER 12, TAKES NOTE OF THE TRADE DISTORTING EFFECT OF CORRUPT PRACTICES AND CALLS UPON THE EXECUTIVE BRANCH TO NEGOTIATE A MULTILATERAL AGREEMENT TO DEAL WITH THE PROBLEM.

13. WE HAVE SEEN DRAMATIC EVIDENCE IN RECENT WEEKS OF THE POTENTIAL CONSEQUENCES OF DISCLOSURE IN THE U.S. OF EVENTS WHICH AFFECT THE VITAL INTERESTS OF FOREIGN GOVERNMENTS. PRELIMINARY RESULTS HAVE INCLUDED SERIOUS POLITICAL CRISES IN FRIENDLY COUNTRIES, POSSIBLE CANCELLATION OF MAJOR OVERSEAS ORDERS FOR U.S. INDUSTRIES AND THE RISK OF GENERAL COOLING TOWARDS U.S. FIRMS ABROAD. MANY FOREIGN COMMENTATORS AND OPINION-MAKERS HAVE EXPRESSED CONCERN ABOUT THE EFFECTS OF U.S. PROCESSES-IN THEIR COUNTRIES AND-SUGGESTED THAT THE UNITED STATES HAS A RESPONSIBILITY TO TAKE INTO ACCOUNT THE INTERESTS OF ITS ALLIES WHEN IT IS CLEANING UP ITS OWN HOUSE. I WISH TO STATE FOR THE RECORD THAT GRIEVOUS DAMAGE HAS BEEN DONE TO THE FOREIGN RELATIONS OF THE

UNITED STATES BY RECENT DISCLOSURES OF UNSUBSTANTIATED ALLEGATIONS AGAINST FOREIGN OFFICIALS. AS I SAID, WE DO NOT CONDONE, NOR DOES THE UNITED STATES GOVERNMENT CONDONE, BRIBERY BY AMERICAN CORPORATIONS OVERSEAS. ON THE OTHER HAND, IT IS A FACT THAT PUBLIC DISCUSSION IN THIS COUNTRY OF THE ALLEGED MISDEEDS OF OFFICIALS OF FOREIGN GOVERNMENTS CANNOT FAIL TO DAMAGE OUR RELATIONS WITH THESE GOVERNMENTS.

14. WE THINK THERE ARE MANY ADVANTAGES TO A MULTILATERAL APPROACH WHICH IS BASED ON INTERNATIONAL AGREEMENT BOTH AS TO THE BASIC STANDARDS TO BE APPLIED IN INTERNATIONAL TRADE AND INVESTMENT, AND THE PROCEDURES TO CURTAIL

CORRUPT PRACTICES. A COORDINATED ACTION BY EXPORTING
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AND IMPORTING COUNTRIES WOULD BE THE ONLY EFFECTIVE WAY
TO INHIBIT IMPROPER ACTIVITIES OF THIS KIND
INTERNATIONALLY. AN INTERNATIONAL AGREEMENT WOULD ALSO
HELP ENSURE THAT ACTION WOULD BE TAKEN AGAINST THOSE WHO
SOLICIT OR ACCEPT PAYMENTS, AS WELL AS THOSE WHO OFFER OR
MAKE THEM.

15. AS A FIRST STEP WE HAVE NEGOTIATED STRONG LANGUAGE ON
CORRUPT PRACTICES IN THE VOLUNTARY GUIDELINES FOR
MULTINATIONAL CORPORATIONS WHICH ARE BEING DRAWN UP IN THE
OECD. SIMILAR LANGUAGE CAN BE INCLUDED IN THE NON-BINDING
CODE WHICH MAY BE DEVELOPED IN THE UNITED NATIONS.

16. HOWEVER, WHEN IT COMES TO THE AREA OF CRIMINAL
LAW -- FOR EXAMPLE, BRIBERY -- EFFECTIVE ACTION WHICH IS
CONSISTENT WITH INDIVIDUAL RIGHTS MUST BE IN ACCORDANCE
WITH ESTABLISHED LEGAL PROCEDURES. THUS, IN THIS AREA
WE FAVOR ACTION PURSUANT TO NATIONAL LAW AND
INTERNATIONAL AGREEMENT.

17. THEREFORE, I AM TAKING THIS OCCASION TO ANNOUNCE THAT
THE U.S. IS PROPOSING A MULTILATERAL AGREEMENT ON CORRUPT
PRACTICES.

18. THE AGREEMENT WOULD BE BASED INTER ALIA ON THE
FOLLOWING PRINCIPLES:

-- IT WOULD APPLY TO INTERNATIONAL TRADE AND INVESTMENT
TRANSACTIONS WITH GOVERNMENTS, I.E., GOVERNMENT
PROCUREMENT AND SUCH OTHER GOVERNMENTAL ACTIONS AFFECTING
INTERNATIONAL TRADE AND INVESTMENT AS MAY BE AGREED;

-- IT WOULD APPLY EQUALLY TO THOSE WHO OFFER OR MAKE
IMPROPER PAYMENTS AND THOSE WHO REQUEST OR ACCEPT THEM;
-- HOST (IMPORTING) GOVERNMENTS WOULD AGREE

(1) TO ESTABLISH CLEAR GUIDELINES CONCERNING THE USE OF
AGENTS IN CONNECTION WITH GOVERNMENT PROCUREMENT AND OTHER
COVERED TRANSACTIONS AND (2) TO ESTABLISH APPROPRIATE
CRIMINAL PENALTIES FOR BRIBERY AND EXTORTION BY ENTER-
PRISES AND OFFICIALS;
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-- GOVERNMENTS WOULD COOPERATE AND EXCHANGE INFORMATION
TO HELP ERADICATE SUCH CORRUPT PRACTICES;
-- UNIFORM PROVISIONS WOULD BE AGREED FOR DISCLOSURE BY

ENTERPRISES, AGENTS, AND OFFICIALS OF POLITICAL CONTRIBUTIONS, GIFTS, AND PAYMENTS MADE IN CONNECTION WITH COVERED TRANSACTIONS.

19. OUR DELEGATION TO THE SECOND SESSION OF THE UN COMMISSION ON TRANSNATIONAL CORPORATIONS, NOW MEETING IN LIMA, HAS BEEN INSTRUCTED TO CALL FOR SUCH AN AGREEMENT.

20. AT THIS POINT, I WOULD LIKE TO SAY A FEW WORDS ABOUT THE LOCKHEED CASE. A NUMBER OF FOREIGN GOVERNMENTS HAVE EXPRESSED GREAT CONCERN ABOUT DISCLOSURES RESULTING FROM SENATE INVESTIGATIONS, OR REPORTS ATTRIBUTED TO THOSE INVESTIGATIONS, THAT ARE SAID TO IMPLICATE HIGH OFFICIALS. THESE GOVERNMENTS HAVE REQUESTED THE DEPARTMENT OF STATE'S ASSISTANCE TO OBTAIN THE DOCUMENTATION NECESSARY TO INVESTIGATE THESE ALLEGATIONS.

21. THE DEPARTMENT HAS ALWAYS COOPERATED FULLY WITH FOREIGN GOVERNMENTS WHOSE INTERESTS ARE AFFECTED BY THESE DISCLOSURES. BUT WE DO NOT HAVE THE CORPORATE DOCUMENTS IN QUESTION. THESE, WHERE THEY EXIST, ARE HELD BY LOCKHEED, BY THE SENATE SUBCOMMITTEE ON MULTINATIONALS OR BY THE SEC SUBJECT TO A COURT ORDER.

22. PRESS REPORTS HAVE GIVEN THE ERRONEOUS IMPRESSION THAT THE STATE DEPARTMENT HAS NOT BEEN RESPONSIVE TO THE REQUESTS OF FOREIGN GOVERNMENTS FOR INFORMATION DEVELOPED ON THIS MATTER. THIS IS NOT THE CASE. THE DEPARTMENT HAS BEEN CONCERNED THAT PREMATURE PUBLIC DISCLOSURE OF UNSUBSTANTIATED CHARGES AGAINST FOREIGN OFFICIALS MIGHT UNFAIRLY DAMAGE THE RIGHTS OF INDIVIDUALS AND CAUSE SERIOUS PROBLEMS IN UNITED STATES RELATIONS WITH OTHER COUNTRIES. HOWEVER, WE HAVE NEVER QUESTIONED THE NEED FOR FRIENDLY FOREIGN GOVERNMENTS TO HAVE ACCESS TO THE INFORMATION TO CARRY ON THEIR OWN LEGITIMATE

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INVESTIGATIONS, AND WE HAVE TAKEN APPROPRIATE STEPS TO FACILITATE THAT ACCESS.

23. IN RECENT DAYS WE HAVE BEEN CONSULTING URGENTLY WITH THE SEC AND WITH THE DEPARTMENT OF JUSTICE TO DEVELOP A PROCEDURE THAT IN ALL SUCH CASES WOULD FACILITATE THE EXCHANGE OF INFORMATION WITH INTERESTED FOREIGN GOVERNMENTS. UNDER THIS PROCEDURE, THE DEPARTMENT OF JUSTICE WOULD ENTER INTO COOPERATIVE ARRANGEMENTS WITH THE RESPONSIBLE LAW ENFORCEMENT AGENCIES OF OTHER INTERESTED GOVERNMENTS, AS IT HAS DONE IN PAST CASES OF INTEREST TO MORE THAN ONE GOVERNMENT. IT WILL ARRANGE FOR THE EXCHANGE OF INFORMATION IN ACCORDANCE WITH THE TRADITIONAL PROCEDURES ESTABLISHED TO PROTECT THE

INTEGRITY OF CRIMINAL INVESTIGATIONS AND THE RIGHTS OF INDIVIDUALS AFFECTED. THAT IS TO SAY, FOREIGN LAW ENFORCEMENT OFFICIALS WOULD BE EXPECTED TO ASSURE THAT INFORMATION SECURED FROM UNITED STATES SOURCES WOULD BE TREATED ON A CONFIDENTIAL BASIS UNTIL SUCH TIME AS THE FOREIGN LAW ENFORCEMENT AGENCY HAD DECIDED THAT IT WISHED TO PROCEED WITH A CRIMINAL PROSECUTION AGAINST A PARTICULAR INDIVIDUAL.

24. SHOULD ANY EXCHANGE OF INFORMATION REQUIRE MODIFICATION OF THE COURT ORDER IN THE SEC-LOCKHEED

CASE, THE GOVERNMENT WILL BE PREPARED TO PROPOSE SUITABLE AMENDMENTS TO THE COURT.

25. FINALLY, LET ME SAY THAT THE DEPARTMENT OF JUSTICE IS ALREADY MAKING INQUIRIES TO DETERMINE WHETHER OVERSEAS PAYMENTS AND RELATED ACTIVITIES BY LOCKHEED HAVE INVOLVED VIOLATIONS OF UNITED STATES LAW. THIS MATTER IS BEING PRESSED WITH VIGOR. IT SHOULD BE UNDERSTOOD, HOWEVER, THAT FOREIGN GOVERNMENTS HAVE AN EQUAL INTEREST IN PROSECUTING OFFENSES AGAINST THEIR LAWS, AND IN SOME CASES THE NATURE OF THE ALLEGED WRONGDOING IS SUCH THAT FOREIGN LAW ENFORCEMENT OFFICIALS HAVE AN EVEN MORE

URGENT NEED TO PROCEED THAN UNITED STATES LAW ENFORCEMENT OFFICIALS. THESE VARYING PRIORITIES WILL HAVE TO BE UNCLASSIFIED

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RESOLVED BY DISCUSSION BETWEEN OUR DEPARTMENT OF JUSTICE AND FOREIGN LAW ENFORCEMENT OFFICIALS.END TEXT. PRESS GUIDANCE WILL FOLLOW SEPTEL.

26. ACTION POSTS REQUESTED TO INFORM INTERESTED GOVERNMENT OFFICIALS OF SUBSTANCE OF U.S. PROPOSALS AT EARLIEST APPROPRIATE OPPORTUNITY, BUT IN NO CASE PRIOR TO 1:00 PM FRIDAY MARCH 5 WASHINGTON TIME. STATEMENT IS EMBARGOED UNTIL 3:00 PM MARCH 5 BUT MAY BE DISTRIBUTED AFTER THAT TIME.

27. INFO POSTS MAY INFORM GOVERNMENTS AT THEIR

DISCRETION (BUT NOT PRIOR TO 1:00 PM FRIDAY).

28. PLEASE REPORT ANY REACTION TO PROPOSALS AND ANY QUESTIONS OF HOST GOVERNMENTS.

29. FOR LIMA: U.S. DELEGATION MAY PRESENT INITIATIVE EITHER FRIDAY AFTERNOON OR NEXT WEEK. PLEASE NOTE MINOR CHANGES IN PROPOSAL CONTAINED IN INGERSOLL STATEMENT. EMBASSY LIMA NOT REQUIRED TO APPROACH GOP ON SUBJECT UNLESS IT SO WISHES. KISSINGER
SUBJECT TEL REISSUED WITHOUT SPECIAL HANDLING AND CAPTION AND

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04 MAY 2006

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